

EXHIBIT

P

Declaration of Peter C. Salerno
In Support of Defendant Yassin Kadi's Motion
To Exclude the Testimony of Victor Comras

03 MDL 1570

July 31, 2023

OFAC TDY TO ALBANIA

April 30, 2002 – May 21, 2002

- A Review of the Kadi Companies -

INDEX

- 1. Preliminary Findings of OFAC's Albanian TDY**
- 2. Violeta Spaho Interview, May 8, 2002**
- 3. Status Report Memo to RRN/MR, May 10, 2002**
- 4. Liljana Cavo Interview, May 11, 2002**
- 5. Amr El Zainy Interview, May 14, 2002**
 - Organizational Chart for the Kadi Companies**
 - Organizational Chart for Karavan Company**
- 6. Petrit Musa Interview, May 13, 2002**
- 7. Follow-up Petrit Musa Interview, May 16, 2002**
- 8. Kadi Folder Documents (EXCEL Spreadsheet)**

ALBANIA TRIP REPORT
April 30, 2002 – May 21, 2002

To: [REDACTED]

From: [REDACTED]

Date: May 28, 2002

Subject: **Preliminary Findings of OFAC TDY Effort.**

Office of Foreign Assets Control (OFAC) officers [REDACTED] completed their review of the Kadi documents on May 21, 2002. Originally, the trip was scheduled for one week but stretched much longer due to the volume of material to be reviewed. By the time the team departed on Tuesday, May 21, 2002, Officers [REDACTED] had been in country for three weeks while [REDACTED] had completed two weeks.

The team's goals, as laid out upon its arrival, was to (1) look for evidence that supports the designation of Sheik Yassin Kadi as a Specially Designated Global Terrorist under U.S. Executive Order and (2) assist the Albanian government in its criminal money laundering case against the companies and Kadi. To accomplish this, the team had to review nearly 100 linear feet of documents (to include business correspondence, bank statements, payment vouchers, handwritten notes, and ledgers) and made over 500 copies of what, in our opinion, are the most crucial documents. This review can only be considered a survey of SHIK's holdings. A full-scale financial audit of the material would require a much greater commitment of time by a team of accountants.

As a result of this study, we found the following items of note in the photocopied records:

- Large cash withdrawals from a Karavan account, paid to Dr. Abdul Latef Saleh, occurring on one day. [See Folders 10.801 - 10.805].
- Large wire transfers into and out of Kadi's personal account. [See Folders 1.401 - 1.407, 1.416, 1.417, 1.419 and 1.501 - 1.503].

- Business and correspondence ties between Kadi and Wa'el Jelaidan, a suspected logistics chief for Osama bin Ladin. [See Folders 3.605, 3.606, 3.607, 5.201, 5.606, 1.907]
- Business and correspondence ties between Kadi and Dr. Abdul Latif Saleh, a confirmed Egyptian Islamic Jihad supporter. [See Folders 2.201, 2.204 - 2.206, 6.105, 6.106, 6.504, 7.201, 7.409, 7.702, 7.901, 8.101, 8.810, 8.815, 8.907]
- A possible link (working at the Kukos school in the late 1990s) between the Kukes representative of Muwafaq Foundation, Petrit Musa, and Selim Tota, the imam of the D. Hoxha mosque in Tirana. [See Musa Interviews].
- A possible link (payment voucher) between the Kukes representative of Muwafaq Foundation, Petrit Musa, and an agent of Al Harimain, an Islamic NGO with possible ties to bin Ladin and Al Qaeda. [See Folder 10.901 and Musa Interviews].

(Photocopied records will be sent via Embassy pouch to OFAC in the coming days. Because the volume of materials collected was too great to hand carry back to the United States, our Embassy contacts made arrangements to forward on our copies).

At this point in the review of documents from Albania, our conclusions are the following:

1. Saudi funds flowed through Albania to Bosnia/Kosovo during the late 1990s.
2. Saudi-backed NGOs were the vehicles that moved investments and donations.
3. Kadi's companies, while not directly involved, aided Jelaidan's and Saleh's agendas (supporting Muslim communities with material, funds, possibly arms).
4. Unfortunately, these conclusions are based on the circumstantial/hearsay evidence that we uncovered while in Albania; the corporate documents we reviewed only hint at this fact.

5. However, some money movements observed in the Kadi documents appear unusual, indicating possible illicit financial activity that could be raised as an issue.

While the documents reviewed do not categorically indicate that Kadi funneled funds in support of terror activities in the Balkans through his Albanian companies, the documents and interviews conducted do strongly suggest a relationship between Kadi and known terror supporters (Jelaidan, Saleh). Financial money movements observed in many of the confiscated Karavan documents appear unusual and may indicate additional possible illicit financial activity.

Further review of these documents is warranted. A key sampling of these documents will be sent and reviewed further in Washington, DC to fully examine the extent and implication of such observed activities.

Memorandum for the Record

To: [REDACTED]

Via: [REDACTED]

Via: [REDACTED]

From: [REDACTED]

Date: May 8, 2002

Subject: Interview with Former Financial Manager of a Sheik Yassin Kadi Company.

1. The following document is classified Law Enforcement Sensitive.

2. On May 8, 2002, [REDACTED] conducted an interview of Violeta Spaho, the former financial manager of Karavan Construction and Development Company. We were accompanied by two officials of the Albanian Government who participated in the interview and also provided some translation assistance. The meeting was conducted in both English and Albanian and took place in Tirana, Albania.

3. (Comment: Karavan is a construction company owned by Sheik Yassin Kadi, a Saudi national believed to be providing support to Islamic fundamentalists in the Balkans through front companies. Albanian national Violeta Spaho was identified as a senior accountant within the Karavan organization from records retrieved from the company's main offices in Tirana. Spaho's name and signature was found on numerous cash transactions and financial ledgers from at least 1997 on. In particular, she withdrew large rounded amounts (\$5-20,000) often on consecutive days and sometimes more than once a day for purposes not reflected in the records reviewed to date. For example, a preliminary review of financial records of 1997 indicates she and other Karavan accountants made 62 such withdrawals for a total of \$553,000. The interview was conducted in order to define her role within the organization, determine her relationship with key company officials, and clarify the nature of the transactions she was involved in.)

4. The following text is a record based on notes taken during the conversation. The participants have had a chance to review the text for accuracy. This represents a true record of the meeting to the best of our recollection:

a. Violeta Spaho has been an employee of the company since June 1996. The company actually was registered in 1995. Her responsibilities included dealing with the Albanian government on issues relating to oversight of the "society" (local term for business); providing trial balances to her manager Eng. Amr El Zainy at the end of each month (who was very scrupulous about checking and signing every document she

gave him to review); checking all financial documents; registration of all cash payments and receipts; general ledger work and delivery of money to the bank. As the chief of the finance department, she managed 5 people and worked with the company's "cost centers"--identified as general accounting, cashier, store, payment and exchange; the exchange aspect involved converting dollars into leks and vice versa. Spaho did almost all of her records on paper and had very little material on the company's computers.

b. Spaho did most of the company's banking with Arab Albanian Islamic Bank (AAIB) with a smaller role for International Commerce Bank. Most money coming from "outside" (presumably including international wire transfers) came through AAIB. She also noted that her relationship with officers from each bank were "normal." On one occasion, Sheik Kadi wired money to Karavan through American Express Bank. Spaho knows that Kadi's firms had some dealings with Faisal Finance and had records of some of those transactions.

c. Spaho claims that not that much money was cashed out of the bank (done infrequently) and only then to meet expenses. In such cases, the expense was documented and certified and then the debt was paid. She then stated that she was unaware of any instance where management cashed out any significant amount except in a case where a worker was injured and needed treatment. Later she would admit that Karavan also had made a loan from their cash holdings to another Kadi firm, Medicare, when it was not doing well. The loan was later paid back. There were loans to other companies but she could not provide details. When money was withdrawn as cash, Spaho said that she would round it out so that the extra could be added to the petty cash holdings. For contractors, she would convert the dollars into leks.

d. In terms of contributions to charities, Spaho claims that the only charitable endeavors she was aware of that Karavan undertook was a bridge in Skapar (phonetic) that the company built and a hospital (which was done at the behest of the charity Red Moon Foundation which may be the same as the Red Crescent Society). Payment for these projects was covered in equal parts (50%) by Sheik Yassin Kadi and ALINTID. The total for these projects came to \$60,000 according to Spaho. *At this point, she contended that all expenses and/or payouts, such as for charitable contributions, were recorded in her books along with amounts that she could not remember unless she had the books in front of her (at point she reiterated several times during the course of the conversation).*

e. When asked if Karavan was a profitable firm, Spaho responded that they were a "good" firm that used quality materials, paid its debts (wages, taxes, insurance) on time, made a decent profit, and was a growing venture. Spaho pointed out that the firm did not close for a single day during the 3 months in 1997 when the government virtually collapsed. To illustrate the firm's ability to turn a profit, she noted that Karavan could build an apartment building for about \$235 per square meter and could sell it for around \$320. She could not or would not name any other paying clients of Karavan.

f. Spaho was unsure about the financial health of other Kadi firms such as Lox Holl (Lojal) and Waleed because she had nothing to do with them. As far as she could remember, there were only two periods in which large amounts of funds were transferred into the company from outside: around 1996-97 when Sheik Kadi and ALINTID invested \$500,000 each into the firm and in 1999 when the same parties each invested \$250,000 into the Twin Towers project to cover the company's construction expenses before revenue from sales would start flowing in. Another point Spaho covered about Karavan was wages; Albanians were paid in cash (leks) while the Arab employees were paid by check (dollars) which they took to the bank to cash/deposit. Spaho had no dealing with any other element of Karavan, including the one in Turkey.

g. When asked of her impressions of other Karavan officers, Spaho provided the following:

- **Abdul Latif Saleh.** He was the general manager of all of Kadi's "societies/businesses" in Albania and was very powerful within the organization. *Saleh was the only person who had authorization to withdraw money directly from Sheik Yassin Kadi's bank account and transfer the funds whenever the situation required it.* Within Karavan, Saleh mostly worked with subcontractors making business calculations and then Spaho would have to pay for their work. For a long time,

Saleh's was the first signature required on a check. Later, he transferred this responsibility to Amr El Zainy who reported to him. More recently, Saleh spent more time out of the office (which may be why he transferred the check signature authority to El Zainy) because of his work with his charity--Foundation Life Sciences. This outfit made calendars in Turkey for distribution to people for free and ran some kind of training course. Karavan's only financial transaction with FLS was a payment of \$50,000 to pay for calendars--which FLS paid back. Saleh traveled out of Albania once or twice a year.

- **Sheik Yassin Kadi.** Spaho only met him twice when he visited Karavan but never dealt with him in any meaningful way. He did not seem to care very much about the company. Most Albanians who worked for Kadi didn't know him very well.
- **Amr El Zainy.** Very exacting. A demanding boss as far as documenting expenses was concerned.
- **Tarek Nasser.** When he first arrived from Egypt, he worked with Violeta Spaho doing cost accounting. Later, he moved to CAFO, another entity within the Kadi group, where he worked with his father, Dr. Nassar, doing the general ledger which was sent to the head office. He later went on to become the general manager of the Albanian Snacks factory where he apparently did not do a good job.
- **Wael Jelaidan.** Never heard of him.
- **Ayadi Chafik bin Muhammad.** Never heard of him.

h. **Muwafaq Foundation** was provided money directly from Karavan when they had expenses to be met. Karavan was then reimbursed by Kadi. Spaho viewed Muwafaq as a temporary organization largely because the foundation's financial people were not in Albania.

i. Another element of the Kadi business empire that Spaho did accounting work for was **Karavan Joint Venture (KJV)**. KJV was tied to the main Karavan company but was registered as a separate firm to make the paperwork easier. KJV's role was the management of the construction projects leaving Karavan free to concentrate on building. The two entities each had their own sets of books. Spaho did general ledger work for them.

k. Spaho had minimal dealings with **ALINTID**. This firm was focused on providing investment funds for construction projects in Albania. The only interaction Spaho mentioned was a single incident in which 2 Saudis visited Albania to review her books and seemed very satisfied with how they were organized.

5. (Comment: Spaho arrived at the meeting visibly nervous and was animated when providing answers. The interviewing officers agreed that she appeared to be withholding information or may have been purposefully vague when providing answers to questions such as those on large cash transactions as she tried to gauge the situation. The interview ended on a positive note, however, as she stated she would be willing to submit to a second interview. She noted that while she has been managing Karavan's affairs since the blockage [e.g. collecting old debts and paying bills], she has not been paid in months. As a result, she seems to feel free to look after her own interests. Spaho, while defending Karavan as a good company that created jobs, said she was an Albanian and that is where her allegiances lie. Treasury officers hope to have another chance to talk with her prior to the conclusion of their current TDY.)

FOR PASSAGE TO:

TREASURY DEPARTMENT

SUBJECT: STATUS REPORT OF ALBANIAN TDY TEAM, 5/10/02

1. THE OFAC TDY TEAM IS CONTINUING ITS INVESTIGATION OF SHEIK YASSIN KADI'S ACTIVITIES IN ALBANIA. THUS FAR, THE TEAM IS APPROXIMATELY 50% COMPLETE WITH ITS REVIEW OF THE DOCUMENTS AND HAS COMPLETED ONE INTERVIEW WITH A FORMER KARAVAN ACCOUNTANT. ALTHOUGH NO EVIDENCE DIRECTLY TYING KADI TO TERRORIST GROUPS HAS BEEN FOUND, A NUMBER OF SUSPECT RELATIONSHIPS AND TRANSACTIONS HAVE EMERGED.

2. THE MOST PROMISING MATERIAL FROM OUR OPTIC IS THAT WHICH CONNECTS KADI WITH WAEL JELAIDAN, A SUSPECTED UBL LOGISTICS CHIEF IN EUROPE. KEY DOCUMENTS UNCOVERED BEARING JELAIDAN'S NAME INCLUDE:

A. A FAX FROM ABDULFATTAH NASSAR, THE HEAD OF THE CENTRAL ACCOUNTING AND FINANCE OFFICE (CAFO; A FINANCIAL UNIT SERVING KADI'S COMPANIES IN ALBANIA WITH BOOKKEEPING AND OTHER FINANCIAL ACTIVITIES), TO KADI. HANDWRITTEN ON THE TOP OF THE PAGE IS THE NOTATION "ATTN: MR. WAEL JELAIDAN CC: MR. MASOOD SYED." THE FAX LAYS OUT FINANCIAL INFORMATION FOR KADI ON THE STATUS OF HIS FINANCIAL DEALINGS WITH EURO INVEST INCLUDING A USD 1 MILLION PAYMENT ON A LOAN; A BALANCE OF DM 3.588 MILLION IN AN ACCOUNT; DM 1.1 MILLION WORTH OF CHARITABLE CONTRIBUTIONS IN BOSNIA IN 1997; USD 200,000 IN CONTRIBUTIONS SPLIT BETWEEN THE RISALA SCHOOL (BOSNIA) AND DR. ABDUL LATIF SALEH; TRADING LOSSES OF DM 3.7 MILLION; RECEIVABLE DEBTS OF 2.3 MILLION; AND REAL ESTATE WORTH DM 1.2 MILLION. THE FAX WAS DATED 3 NOVEMBER 1998.

B. A LETTER TO KADI FROM NASSAR WITH JELAIDAN AND MASOOD SYED CC'ED THAT DISCUSSES ITEMS TO BE DEDUCTED FROM A MORABAHA ACCOUNT AT EURO INVEST INCLUDING DM 74,284 FOR "TAIBAH;" DM 1.09 MILLION FOR CHARITABLE ACTIVITIES IN 1997; USD 100,000 FOR THE RISALA SCHOOL AND 100,000 FOR DR. ABDUL LATIF SALEH-ALBANIA. THE LETTER WAS DATED 29 JUNE 1998.

C. A FAX FROM NASSAR DIRECTLY TO JELAIDAN DISCUSSING THE EFFECTS OF CURRENCY FLUCTATIONS ON LOANS DENOMINATED IN USD AND BOSNIAN DINARS EXCHANGED INTO DM. THE FAX WAS DATED 23 MAY 1998.

D. A PROPOSAL FROM SOHAIL SIDDIQI TO NASSAR DISCUSSING THE RELOCATION OF STAFF WITHIN KADI GROUP COMPANIES. IN IT, SIDDIQI MENTIONS THAT DEVELOPMENTS WITHIN THE GROUP HAVE TO BE VIEWED IN "LIGHT OF THE DECISIONS MADE BY SH. YASSIN KADI REGARDING THESE COMPANIES, SUCH AS OPENING OF AN ACCOUNT FOR EURO INVEST FOR ALL RECEIPTS TO BE ONLY UTILIZED ON THE INSTRUCTION OF SH. YASSIN KADI OR MR. WA'EL JELAIDAN." THE LETTER IS DATED 15 SEPTEMBER 1998.

E. A LETTER FROM NASSAR TO KADI WITH JELAIDAN AND SYED CC'ED IN WHICH NASSAR DISCUSSES HIS INTENTION TO GO TO BOSNIA FOR TWO MONTHS. THE LETTER IS DATED 1 DECEMBER 1998.

F. AN ALBANIAN-LANGUAGE DOCUMENT THAT MAY COME FROM A FIRM CALLED "SEFERI" THAT APPEARS TO BE INVOLVED IN BUILDING AN UNIDENTIFIED STRUCTURE IN SKRAPAR (FOR WHICH KARAVAN RECEIVED PAYMENT). JELAIDAN'S NAME APPEARS AT THE CLOSE OF THE DOCUMENT AS AN "INVESTOR" BUT HIS SIGNATURE IS MISSING. THE DOCUMENT IS DATED 24 OCTOBER 1999 (AFTER HIS EXPLOSION).

G. JELAIDAN'S NAME AND SIGNATURE APPEAR ON AN ARABIC-LANGUAGE DOCUMENT UNDER THE LETTERHEAD OF THE SAUDI JOINT RELIEF COMMITTEE FOR KOSOVA. THE ADDRESS FOR THE MAIN OFFICE OF THIS ORGANIZATION IS THE KARAVAN-BUILT APARTMENT AND OFFICE COMPLEX ON DURRES STREET IN TIRANA. THE SUBJECT AND DATE OF THE DOCUMENT HAVE NOT BEEN TRANSLATED THUS FAR.

3. BACKGROUND: ACCORDING TO A LOCAL CONTACT WHO WAS ONCE A GOVERNMENT MINISTER, JELAIDAN HELD A POSITION AS HEAD OF A COUNCIL (NAME UNKNOWN) THAT COORDINATED THE EFFORTS OF SAUDI NGO'S IN ALBANIA. HE WAS APPOINTED TO THE ROLE IN FEBRUARY 1999 AND HELD IT UNTIL THE ALBANIAN GOVERNMENT DECLARED HIM AN UNDESIRABLE, BARRING HIS RETURN, IN SEPTEMBER 1999. WHILE THE DOCUMENTS LINKING JELAIDAN TO THE SAUDI JOINT RELIEF COMMITTEE (SJRC) HAVE NOT YET BEEN TRANSLATED, THE TEAM HAS BEEN TOLD THAT THE SJRC AND KARAVAN WORKED TOGETHER ON ONE PROJECT TO BUILD A BRIDGE. THE SAME CONTACT INFORMED THE TEAM THAT JELAIDAN, AS HEAD OF THIS SAUDI NGO COUNCIL, WAS EFFECTIVELY IN CHARGE OF THE DISBURSEMENT OF ALL FUNDS BEING PROVIDED BY THE MEMBER NGO'S IN-COUNTRY AS WELL AS THEIR OPERATIONS. HE WAS ALSO A CLOSE CONTACT OF THE LOCAL SAUDI EMBASSY AND MAY HAVE BEEN AN ASSISTANT/CONFIDANT OF THE SAUDI MINISTER OF THE INTERIOR. JELAIDAN ALSO WAS THE INDIVIDUAL WHO HANDLED THE PREPARATIONS FOR THE VISIT OF A SAUDI DELEGATION HEADED BY ARMY CHIEF TURKU BEN FAHD BE JA ALOOD TO REVIEW PROGRESS IN THE CONSTRUCTION/RECONSTRUCTION OF MOSQUES AND SCHOOLS IN 1999. JELAIDAN'S EXPULSION HAS BEEN A LINGERING BONE OF CONTENTION BETWEEN THE SAUDI AND ALBANIAN GOVERNMENTS. END BACKGROUND.

4. NEXT TO JELAIDAN, THE NEXT MOST INTERESTING CONTACT OF KADI'S IS ADBUL LATIF SALEH. SALEH WAS, PRIOR TO HIS DEPORTATION FROM ALBANIA, THE GENERAL MANAGER OF THE KADI COMPANIES IN THIS COUNTRY. IN ONE DOCUMENT HE IS LISTED AS KADI'S AGENT. THERE ARE FAR TOO MANY RECORDS CONTAINING SALEH'S NAME TO LIST IN THIS FORMAT. WE DO KNOW BOTH FROM THE DOCUMENTS AND THE INTERVIEW CONDUCTED YESTERDAY THAT SALEH HAD SIGNATORY ACCESS TO ONE OF KADI'S MAIN BANK ACCOUNTS. FROM THIS ACCOUNT, HE COULD AND DID WITHDRAW LARGE AMOUNTS OF MONEY; ACCORDING TO ONE LEDGER, SALEH WITHDREW USD 650,000 FROM KADI'S ACCOUNT (CONNECTED TO LOKS-HOLL) IN 4 SEPARATE TRANSACTIONS IN 1996 AND 1997.

5. BACKGROUND: ACCORDING TO THE FORMER HEAD OF KARAVAN'S FINANCE DEPARTMENT, SALEH MOSTLY WORKED WITH SUBCONTRACTORS ON ENGINEERING AND DESIGN. IN ADDITION, SALEH'S WAS THE FIRST SIGNATURE REQUIRED ON ALL CHECKS. OVER TIME, SALEH SPENT MORE OF HIS DAY AWAY FROM THE OFFICE IN ORDER TO WORK ON HIS CHARITY "FLS" (PRESUMABLY FOUNDATION LIFE SCIENCES). THE FORMER FINANCE CHIEF STATED THAT FLS MADE ISLAMIC CALENDARS AND RAN SOME KIND OF TRAINING COURSE. ACCORDING TO THE FORMER GOVERNMENT MINISTER, SALEH WAS ONE OF THE FIRST "ARABS" TO ARRIVE IN ALBANIA AFTER THE FALL OF COMMUNISM AS A REPRESENTATIVE OF THE IIRO. HE ORIGINALLY WAS IN CHARGE OF A MEDICAL CLINIC IN TIRANA WHICH PROVIDED NON-EMERGENCY AID. HE LATER LEFT THE CLINIC TO BECOME THE HEAD OF KARAVAN. END BACKGROUND.

6. IN OTHER AREAS, THE OFAC TEAM IS PURSUING INFORMATION ON THE FINANCES OF THE KADI GROUP, PARTICULARLY HOW IT HANDLED CASH. FROM THE TWO INTERVIEWS CONDUCTED TO DATE, THE STORY HAS BEEN CONSISTENT THAT THE LARGE CASH WITHDRAWALS WERE TO COVER MANY ONGOING EXPENSES SUCH AS PAYMENTS FOR SMALLER CONTRACTORS. FOLLOWUP INTERVIEWS WITH BOTH INDIVIDUALS ARE PLANNED IN WHICH COMPANY RECORDS WILL BE PRESENTED FOR THEIR REVIEW AND EXPLANATION. INTERVIEWS WITH COMPANY MANAGERS AND A FORMER HEAD OF MUWAFAQ FOUNDATION ARE ALSO PLANNED FOR NEXT WEEK.

7. THE ARRIVAL OF ██████████ WAS WELCOMED BY ALL. WE ARE LOOKING FORWARD TO HIS ASSISTANCE IN ANALYZING THE FINANCIAL RECORDS. DURING THE SECOND INTERVIEW, HE POSED A NUMBER OF COGENT QUESTIONS WHICH HELPED CLARIFY SOME ISSUES. CATALOGUING OF DOCUMENTS AND ENTERING THEM INTO THE EXCEL SPREADSHEET, CREATED BY ██████████ CONTINUES. COPYING OF DOCUMENTS ALREADY INDEXED WILL BEGIN

TOMORROW, OFAC OFFICER ██████████ WILL CONTINUE TO REVIEW NEW DOCUMENTS FOR ADDITIONAL LINKAGE INFORMATION.

Memorandum for the Record

To: [REDACTED]

Via: [REDACTED]

Via: [REDACTED]

From: [REDACTED]

Date: May 11, 2002

Subject: Interview with Former Accountant of a Sheik Yassin Kadi Company.

1. The following document is classified Law Enforcement Sensitive.
2. On May 10, 2002, OFAC officers [REDACTED] conducted an interview of Liljana Cavo, a former accountant with the Karavan Construction and Development Company. We were accompanied by two officials of the Albanian Government who participated in the interview and also provided some translation assistance. The meeting was conducted in both English and Albanian and took place in Tirana, Albania.
3. (Comment: Karavan is a construction company owned by Sheik Yassin Kadi, a Saudi national believed to be providing support to Islamic fundamentalists in the Balkans through front companies. Albanian national Liljana Cavo was identified as an accountant within the Karavan organization from records retrieved from the company's main offices in Tirana in 2001. The interview was conducted in order to define her role within the organization, determine her relationship with key company officials, and clarify what knowledge she may have had of money being funneled Islamic fundamentalist individuals and organizations.)
4. The following text is a record based on notes taken during the conversation. The participants have had a chance to review the text for accuracy. This represents a true record of the meeting to the best of our recollection:
 - a. Liljana Cavo has been in the financial department of Karavan company since February 1996. She started with recording the company's expenses, but later her job expanded to include dealing with the cash flow of the Karavan Complex, an office/retail/residential development located on Durrës Street. This did not include the actual sale of apartments as this income was handled by the Marketing Group. For example, she would have to record what the company spent on labor and supplies and what they received in sales.

On a daily basis, this translated in getting documents from other company officers, such as Violeta Spaho, as well as company invoices. She would organize the materials but another accountant would actually enter the figures into the general ledger. She would then prepare a statement at the end of each month to tell what the income was and expenses. The data then went up to Violeta Spaho and Mr. Amer El Zainy.

b. Cavo did not do cash withdrawals for the company on any regular basis; that responsibility lay with Spaho. Instead, she would keep cash on hand to meet expenses. She would receive payment vouchers from Spaho that both she (Spaho) and El Zainy would have signed at which point Cavo would then expend the funds. Cavo then would log the expense in a notebook. These expenses included wages to workers which would be paid on the 27th or 28th of each month. Cavo would receive a large amount of funds and from this she would disburse wages in cash from a master list to various offices (the managers in each of the offices would then be responsible for actually handing the cash to each worker). Cavo handled payment issues for Albanian workers but did not deal with the salaries of the foreign workers.

c. When shown a payment voucher, Cavo indicated the form (with Spaho's and El Zainy's signatures) is taken to the cashier at the bank where it is withdrawn in US currency. The money is then taken to an exchange house (one name mentioned was "Arisi") where it is converted to leks. Excess funds would then be kept as petty cash. The main place where cash disbursements were recorded and what they were used for was in the general ledger.

d. When asked about what it was like to work with Amr El Zainy, Cavo said that relations with him were very correct and that he was a good friend with the Albainan workers. Cavo indicated that the locals felt that they could talk to him like a big brother. He was very exact in his work and would make Cavo and other Karavan workers redo something if it was not to his standards. Relations with Dr. Abdullataf Nassar, head of the Central Accounting and Finance Office, were not so friendly as he was a very focused individual. Nassar and El Zainy sometimes seemed to butt heads over procedures but it was difficult to say for certain because they would speak in Arabic. Cavo had seen Abdul Latif Saleh 2-3 times but had no regular dealings with him. She knows that Saleh was involved with Lojal, Medicare, and other Kadi companies. She confirmed that Saleh had to sign each check—for large purchases—after Amr El Zainy (El Zainy signed first and then had to present it to Saleh for his countersigning). A woman working for Saleh, possibly as a secretary, kept records of the checks that he would sign.

e. Cavo also spent 6-7 months working at the Albanian Snack Co. factory run by Nassar's son, Tarek. Cavo was sent to the factory in order to organize the financials and payment structure so that they mirrored Karavan. This company was not successful because he was not able to handle the responsibilities; Cavo said Tarek was not as exacting as his father. He exerted little control over the management of the plant. He also was absent for large amounts of time which affected Cavo's work since he was not around to sign company papers (she said she wished that El Zainy would have come out to the plant to see for himself what was happening). The factory itself faced problems because the production-line machinery always had problems which the Albanians did not know how to fix. Part of the problem was part of the equipment was from Italy and part of it was from Turkey, and the two systems may not have been very compatible. Cavo said that she never had the respect for Tarek as she did for his father due to his incompetence. The snack factory was closed recently but Cavo had left before that. She and Tarek did not see eye-to-eye and, in fact, had some kind of fight before she left. As a result, she has not kept contact with him and does not know where he lives now. While there had been times that the factory had done well, it was steadily losing money by the end and was down to \$20,000 in cash reserves by the time she left. Cavo noted that when the snack factory needed money to meet expenses, it would go to Karavan for loans. Tarek would go to either El Zainy or Nassar and then would have Spaho do a payment voucher. As if these problems were not enough for the factory, production equipment was stolen from the plant. Cavo did not know if Tarek was in on the thefts but she thought that since Tarek had so little interest in the running of the company, he may not have seen the stuff disappear or even cared. After leaving the snack factory, Cavo went to the Twin Towers project. There has not been much to do since the blockage; only three people work there now—Cavo and two engineers.

f. Cavo had heard of Muwafaq Foundation through Spaho before 1998. There was some mention of an account related to Muwafaq but since Cavo did not see the large general ledger book, she has little knowledge of its finances. She did say that she had heard Spaho and Dr. Nassar discussing it in general terms. She had heard of 1/2 Red Moon which was involved with a Tirana hospital that was doing something for Kosovo refugees. El Zainy visited this hospital repeatedly. Cavo remembers seeing vouchers for payments to Red Moon. She also saw that there were Islamic organizations in the Karavan complex and that there were people waiting to get assistance outside those offices. She did not know their names because their signs were in Arabic.

g. The separation of Karavan and Karavan Joint Venture (KJV) required that they maintain two sets of books (one for each firm) and create two sets of balances at the end of each month. *Cavo said that the management seemed to be moving money from accounts at one company to another. As she put it, she worked for the company for 3 to 4 years and never understood why they created this separation. She never questioned management about it, however, and they felt the need to explain their decision. She left it alone because she felt it was not part of her duties to question their decisions.* In her opinion, she thought that maybe the separation was because Karavan was construction and KJV was Karavan and ALINTID together.

g. Other tidbits:

- Lojal company sold rice, sugar, and flour here.
- Cavo noted that Kadi's investment style was to put money into the company at the onset rather than keep pumping more funds through.
- She did met Kadi twice and then did not deal directly with him. The last time was when he came with a delegation of Saudis. Before such visits, El Zainy would prepare materials for Kadi which included photos.
- One time some accountants from outside the country working for ALINTID came to review the books but they seemed satisfied with the results.

5. (Comment: Cavo seemed reasonably calm and open during the meeting. She answered all questions and provided details about her experiences within Karavan. By the nature of her position, she did not have ready access to the more sensitive areas of the company. She nonetheless had formed some definite opinions about some of the people within the Kadi Group and its procedures.)

MEMORANDUM FOR THE RECORD

To: [REDACTED]

Via: [REDACTED]

Via: [REDACTED]

From: [REDACTED]

Date: May 16, 2002

Subject: Interview with for the former head of a company controlled by Saudi financier Sheik Yassin Kadi.

1. The following document is classified Law Enforcement Sensitive.

2. On May 14, 2002, OFAC officers [REDACTED] conducted an interview with Amr El Zainy, an engineer and former administrator of Karavan Construction and Development Company in Tirana, Albania. We were accompanied to this meeting with Mr. El Zainy by three officials of the Albanian Government who participated in the interview. The meeting was conducted in English.

3. (Comment: Karavan Construction and Development Co. was a construction firm owned/controlled by Sheik Yassin Kadi, a Saudi national, from at least 1996 until its closure due to the Albanian Government's blockage of the firm based on the U.S. Government's designation of Kadi as a supporter of terrorism in October 2001. Karavan was the largest of a number of firms run by Kadi in Albania. Its function was commercial development; major projects included an apartment/retail/office complex on Durres Street in Tirana [completed] and a large office complex called Twin Towers [under construction at the time of the designation; all activity at the site has now stopped] in central Tirana directly across a major boulevard from the Prime Minister's office. Amr El Zainy, an Egyptian, was originally brought on board Karavan as an engineer but later was promoted to head the company.)

4. The following text is a record based on notes taken during the conversation. The participating OFAC and Albanian Government officials have had a chance to review the text for accuracy. This represents a true record of the meeting to the best of our recollection:

a. Amr El Zainy is currently the ex-administrator of the company. He formally resigned in late January because the situation with the blockage was continuing without resolution and there were internal frictions within the Kadi Group. By law he is supposed to hand over responsibility to someone else within 90 days but has not been contacted by the main office in Jeddah yet so he remains in limbo since he is no longer

actually employed but still responsible for the workers and status of the properties. Karavan is only one of several Albanian companies owned by Yassin Kadi (each one is separate from the others and registered as a stand-alone firm). Most he owned outright and others he was partnered with others. In Karavan's case, for example, he began as the sole owner but later sold 45% of the firm in ALINTID.

b. Comment: At this point, OFAC officer [REDACTED] prompted El Zainy to create a diagram of Kadi's companies. El Zainy did this showing Kadi's degree of ownership and some of the people and partners involved. They include:

Karavan Construction Company (55% Kadi; 45% Albanian International Investment and Development or ALINTID)

Albanian Snacks (55% Kadi; 45% ALINTID)

Loxhall (100%; foodstuff firm managed by Waleed Abu Sheka, a Jordanian)

Lojal (100%; real estate firm managed by Hamza Abu Rayan, a Jordanian)

Medicare (100%; manager is Dr. Nidal Ganim--recently resigned)

Eman (100%; a gold firm; has not operated since the 1997 troubles but continues to exist for tax purposes)

Kavallo (100%; has not operated since the 1997 troubles but continues to exist for tax purposes)

Waleed Co. (ownership interest not denoted but it is a carpet company managed by Waleed Abu Sheka.).

End Comment.

c. ALINTID was described as a "conference" for Arab businesses and businessmen to invest in Albania. The purpose of this entity is to have one place for prospective Albanian partners to go to when seeking investment funding. ALINTID took a 50% share in the Durres Street project and liked it so much that they decided to buy 45% of Karavan. A delegation of ALINTID people came with Kadi when he visited Tirana in 2001. ALINTID did not have as good a result from Albanian Snack Co. which lost money and ultimately went out of business. The relationship between ALINTID and Karavan and even among the ALINTID participants was not exactly smooth and El Zainy had to spent time acting as mediator.

d. El Zainy was then asked about the Central Accounting and Finance Office (or CAFO). He stated that because Kadi could not exert adequate control from his Saudi homebase, he wanted a group of financial experts to control his companies in Bosnia, Albania, and, to a lesser extent, in Turkey. At one point, the head of this entity was Masood Syed; he used to live in Jordan but was brought to Albania to be closer to the firms he would oversee. More recently, the financial control of the companies rested with Dr. Abdul Fatah Nassar. Nassar would generate reports on the firms' financial activities which he would forward a copy to El Zainy.

e. El Zainy clarified one point about the difference between Karavan and Karavan Joint Venture. He does not view them as distinct entities but as a means to separate the accounting of the costs of each, particularly with the involvement of ALINTID. So Kadi took 50% and ALINTID took 50%; Karavan would then deposit a certain amount of funds (10% of its own capital account) so that Karavan Joint Venture would have its own pool of capital to work with.

f. Karavan was registered under Albanian law in 1995 and El Zainy was the first and only administrator. El Zainy's signature is one of two required on all financial documents. Sometimes the second one belonged to Dr. Abdul Latif Saleh. El Zainy is, by training, a construction engineer and was hired by Karavan as such. A few weeks after he arrived, the management at the time were impressed enough with El Zainy's work that they made him the company administrator. One of the first projects the company undertook was the Durres Street complex. It was a success so Karavan went looking for others. One was the construction of a tourist village. That one was fraught with problems including questions regarding the ownership of the land; construction was never finished. The other was the "Twin Towers" project which was under development at the time of the designation.

g. El Zainy then crafted a wiring diagram of Karavan's internal management structure with himself above the line managers:

Administration (Marsela Jahja)

Marketing (Silva Banj)

Financial (Violeta Spaho)

Construction (Eng. Magdi Harras--an Egyptian)

Spaho had 3 accountants underneath her to handle the financial books and records. Karavan used the American and English accounting systems while Albanians normally use the French. The accountants each handle different issues on their own (the "register" was the purview of Lana (Inu) who has since left for Greece; the store account was Liljana Cavo; and the cost centers belonged to Alketa Duraj who has emigrated to Australia). The cost centers allowed Karavan to break down their costs by category like concrete, steel, or bricks which allowed the company determine their cost per square foot. In addition, they instituted controls so payments are made by check and have to go through a cashier (Marsela Jahja). In some cases they would pay by cash and so the firm would keep about 200,000 leks (about USD 1400) on hand. El Zainy had the finance people establish a system of vouchers and records that kept very close control over company outlays. This way, the company reduced its need to keep large amounts of cash on hand both for security reasons as well as to minimize its risk for counterfeit bills. When more cash was needed than was on hand, someone from the finance department to go to the bank to pick up or deposit the funds. All checks required up to three signatures to cash out.

El Zainy mentioned that sometimes Kadi's companies did need to make inter-firm loans. They did this to meet cash shortfalls. The process was fairly simple with some paperwork to fill out before the requesting firm could get its money (interest-free). One example was the loan Karavan had to make to Albanian Snacks (Comment: From El Zainy's comments, it appears that Karavan may not have recouped this particular loan.) When the requested loan reached a certain level, Karavan had to go to the main office in Saudi for approval even though they all were under the same corporate umbrella.

Karavan itself had to make a request for a single large infusion of funds during the troubles of 1997. The fighting and political instability virtually destroyed the company's cash flow. The head office gave Karavan around USD 1,000,000 at the time (500,000 from Kadi and 500,000 from ALINTID) which they used to keep operations going on the various projects. The money was wire transferred from an account at Faisal Finance via American Express Bank. This money was then put into an account from which the company could draw from (to avoid taxes, the company has to pay the money back into the same account like a loan). As long as the money keeps circulating in the account and does not go back to the partners it is not considered dividends which would be subject to taxation. Some additional money came from Yassin Kadi's personal account through Loxhall for use in purchasing a plot of land.

h. Tarek Nassar was brought in as a favor to his father, Dr. Nassar. Tarek started in CAFO and later they promoted him to the head of Albanian Snacks. This was not a good move as they, the Kadi Group, lost everything with this. Even much of the machinery in the factory was lost as Tarek apparently sold it off in a private agreement with outside parties without the approval of El Zainy. The owners of the company are trying to pursue him legally to recoup some of their money. Tarek may be in Albania but is staying out of sight.

i. Masood Syed is a Pakistani and Kadi's senior accountant. He doesn't control actual expenditures but reviews the accountings of all of Kadi's various investments.

j. Money would be drawn from Karavan on occasion for contributions to NGOs. El Zainy cited an example that when the company was ready to send a large sum of money back to Saudi as profits, the main office instructed Karavan, instead, to give the funds to a charitable cause. Karavan did this transferring the money to a local account controlled by Kadi who would then distribute them by check. One instance involved the transfer of USD 90,000 to the local Muslim community. Muwafaq Foundation, when it was around, also received funds in this manner. Cash was rarely involved and then only in small amounts.

k. Another instance of providing aid was when Karavan was approached by a Saudi NGO (Saudi Joint Relief Committee for Kosovo) working in Kosovo on several construction projects. The group's chief was Wa'el Jelaidan. El Zainy said Karavan had to give "as if they were our guests." In this case, Karavan did not provide money but, instead, loaned the Saudis the services of one of their engineers to provide technical expertise. Albanian firms would do the actual work but the Karavan engineer would provide

quality control and tell the SJRC when the contractor had completed the work satisfactorily so that they could get paid. El Zainy said one project for Jelaidan's group was the restoration of a big store in Kosovo which had been damaged by the Serbs in Stima (phonetic). Karavan supervised the work and returned to Albania when the project was complete. The relationship between Jelaidan, El Zainy, and Karavan is close on several levels. Their offices were located close enough that El Zainy saw Jelaidan 3-4 times daily. El Zainy also had a close personal friendship with Jelaidan. El Zainy did not get very inquisitive about Jelaidan's business because he was very busy with Karavan's various projects at that point. El Zainy had no reason to suspect Jelaidan was up to nefarious activities at the time since he was doing the same kind of relief work which many NGOs of other countries were up to in Kosovo.

l. Prior to his stint with the SJRC, Jelaidan was a senior supervisor of the Kadi companies. El Zainy remembered that Dr. Latif Saleh treated Jelaidan as his boss when the latter came to visit Kadi's Albanian operations. El Zainy was uncertain but his belief is that Jelaidan was above Saleh in the pecking order of the Kadi Group. El Zainy did not inquire too much since his responsibility went down not up. So El Zainy would deal with Saleh and Nassar, and on occasion with Kadi himself when he came to visit.

Saleh was one of El Zainy's biggest contacts since he had to sign off on all major purchases. Saleh's principal function was to oversee all aspects of the Kadi Group in Albania; nothing of significance would happen without his approval or at least his knowledge. In addition, Saleh had his own financial activities which El Zainy did not seem to know much about. It was normal for Saleh to move large amounts of money through accounts controlled by Kadi. Before El Zainy arrived, Saleh had the ability to pretty much do as he liked (with his power of attorney for Kadi) but after El Zainy arrived that freedom of operation was curbed somewhat. El Zainy believed that Saleh had ambitions to climb even higher within the organization as well as wanting to someday have his own clinic here in Albania. Saleh handled a lot of money that was to be provided to Muwafaq. In several cases, Karavan provided the same services to Muwafaq as it did to SJRC (namely providing oversight of construction projects).

m. Saleh has been active in several charitable ventures including medical clinics, training, a sporting club, and publications. The money to fund these activities went through both Muwafaq and through his own NGO, **Foundation Life Sciences**. Much of the funding came directly from Yassin Kadi. During the later years, Saleh developed other sources of income other than Kadi (nfi). Some of it flowed through Karavan when the company would pay a bill or perform some kind of service for Muwafaq. Karavan would then submit a bill to Kadi and get reimbursed.

n. The last time that El Zainy spoke with Kadi was in February 2002. Prior to that El Zainy was in contact with Kadi about the blockages on several occasions. El Zainy said he was surprised that neither Kadi nor his partners in ALINTID came personally to try to resolve the situation and defend their reputations. When asked of his opinion about the charges against Kadi, El Zainy said that it was up to Kadi to defend himself and that he (El Zainy) would not judge him since he had not seen the evidence for either side of the argument.

o. El Zainy did admit that when he came on board there was virtually no barrier between Karavan's commercial activities and Kadi's charitable initiatives. El Zainy said he stopped the NGO activity in order to let the company concentrate on developing its properties. He claims to have told Kadi that if he wanted to donate money to Muslim causes, he should route it to the local Muslim community who would then have control over how it is spent. El Zainy said that some people in the organization were angry with him for doing this but he deflected them by saying that this was by the order of "the boss." (Comment: From his comments, El Zainy appears to have managed to annoy his workers because he had such exacting standards.)

Some of the previous tone of merging the two sides of the Kadi group may have also come from Wa'el Jelaidan's involvement in the organization. El Zainy had some questions about Jelaidan's ties to fundamentalist groups. When the press report came out about bin Laden mentioning Jelaidan, El Zainy asked him about the issue. Jelaidan only laughed as if it was a joke but said neither confirmed or denied it outright. El Zainy mentioned that he was surprised when Kadi suddenly announced that Jelaidan was the

boss of the Kadi entities in the region and El Zainy opined that he may have gotten the job, in part due to his close connections with the Saudi ruling family. Later, Jelaidan seemed to drop out of the picture apparently to focus on his NGO activities. (Comment: El Zainy also mentioned that Jelaidan had been the head of 1/2 Moon or Red Crescent in Pakistan at some point in his past.)

p. Tidbits:

- One area that El Zainy noted was odd about some of the Islamic--and in particular Saudi--NGOs is that they seemed to have large amounts of cash on hand. In fact they often had bags filled with currency when they moved around.
- El Zainy pointed out that, in his opinion, there are no secrets in Albania. If someone was running guns, for example, everybody would know about it soon enough.
- One of the people who met with Kadi during his 2001 visit was Ramizeki (phonetic) who is tied to the Islamic Research Institute. He was invited by Kadi while others had to reach out to arrange a meeting.
- Yusuf Ibrahim (Ismail?) left Muwafaq after it went dormant in 1997. Yusuf then left Albania for Jordan and eventually for Yemen where he worked for Kadi again. While in Yemen, Yusuf lost one of his two wives to a "gas bomb" explosion which El Zainy said was accidental. Yusuf then returned to Jordan and eventually moved on to Kosovo where is involved with some coordinating council between the NGOs and the local Muslim community, possibly WAMY (Muslim Youth).
- Yusuf and Saleh did not get along due to ego problems. Neither wanted to have to report to the other. The fighting got so bad, El Zainy said it was like dealing with children.
- After Muwafaq closed there was still some construction projects underway which El Zainy had to close down. Other activities, such as training, was taken over by Saleh. Yusuf was angry with El Zainy for finishing some of the projects on his own; Yusuf wanted them left incomplete because he thought it would reflect badly on Saleh.
- When shown a document written in Arabic which had been found in a Muwafaq file, El Zainy translated as one he wrote to the charity in 1996 about one of the mosques they were building and some concerns he had. Namely, that some of the documentation was incomplete such as whether the charity had clear title to the land (a problem in Albania).
- Kadi likes the personal touch. He will do business with people he likes as willingly as he will work with someone that has business acumen.

5. (Comment: Following the interview, El Zainy called one of the Albanian participants to pass on some suspicions he had about a particular transaction. El Zainy had been asked about whether there had been any transactions which, in light of the designation, would seem suspicious. Obviously after thinking about it for awhile, El Zainy thought the sale of 45% of Karavan to ALINTID seemed strange especially since Kadi was doing fine without them. Whether there was some other, non-business related reason for Kadi selling such a large portion of the firm, he did not know.)

